

Agriculture Activity

1. Introduction

Three years ago the India Mission initiated an assessment of India's agriculture sector to identify opportunities for USAID re-entry. The assessment report, submitted in November 2001, recommended initial activities which were incorporated into the country strategy. The purpose of this document is to review re-entry rationale and activity progress to date, update the Mission's agriculture strategy, and to re-focus its portfolio of investments.

2. Background

The assessment team recommended that USAID re-enter India's agriculture sector. The team considered ten promising interventions, ranked each against seven mission-developed criteria¹, and recommended 'tier 1' and 'tier 2' activities to be implemented at a pace commensurate with management capacity, growth in understanding, and resource levels.

Tier 1 activities would focus on Biotechnology and Food & Agriculture Policy, taking advantage of Washington-managed on-going programs. Tier 2 activities were proposed in agriculture market reform, scientific exchanges, on-farm water management, rural ICT and horticulture markets.

The Mission in fact funded, from FY2002, cooperative biotechnology product development through the Agricultural Biotechnology Support Project (ABSP-II) and food & agricultural policy study& analysis through IFPRI's South Asia program.

The recommendation of the second phase of activities is on Ag Market Reform, Scientific Exchanges, On Farm Water Management, Rural ICT and Horticulture Market Development. Activity on On Farm Water Management was initiated through Rice Wheat Consortium to promote Resource Conserving Technologies to help reduce the input cost for the farmers.

A sudden windfall of funding in 2003 enabled Mission to craft a one time Grant for creating University Linkages Program. The activity enhances the partnership between US and Indian Agriculture Universities. The collaborations are designed to stimulate India's economic development through stronger agriculture sector by addressing horticulture marketing chain for fruits and vegetables; creating and strengthening linkages between public institutes and private food processing; increasing the awareness for the benefits of biotechnology and capacity building on agriculture policy studies.

¹ Impact within 5 years; impact on low-income people, particularly women; cost-effective replication potential; strong Indian and strong U.S. institutional interest and collaborators; complementarity with mission programs; collaborative/GDA modality potential.

GOI requested Mission assistance to initiate an exploratory activity to identify and analyze the constraints in development of the Commodity Futures Market and prepare a road map for the development of futures market in the country. The results and lessons learned would provide basis to design a broader activity to develop the Commodity Futures Market in India.

Based on the initial assessment, India Mission continued with some activities from the assessment period under four broad categories of intervention.

a. Domestic Trade Liberalization / Agriculture Marketing Regulations

The mission will address agriculture marketing policies such as the Agricultural Produce Marketing Act (APMC), Essential Commodities Act (ECA), Forward Contract Regulation Act (FCRA) and Food Processing Law through policy research and analysis and engaging the policy makers in positive dialogue.

Status:

a. the Mission has funded policy studies through the International Food Policy Research Institute (IFPRI). Cost: US\$191,000,

b. Discussions are underway with the Ministry of Agriculture to strengthen the National Institute of Agriculture Marketing (NAIM) as the lead agency for agricultural marketing.

b. Efficient Farm to Firm linkages

Market chain development for fruit and vegetable activity will encourage diversification in value added agriculture and help create employment. Discussions at state and enterprise levels show a huge demand, and potential to encourage private –public linkages.

Status: India Mission is investing \$900,000 in 2004 in a public-private partnership through USAID/Washington’s Partnership for Food Industries Development (PFID - a ‘Leader with Associate’ instrument) to raise incomes of mango farmers in Maharashtra. The three-year grant will strengthen market linkages among mango producers, buyers, processors and exporters, and raise product quality to meet consumer standards in local and global markets.

The partnership will “add value” to crops through processing and niche marketing, and improve food safety and quality standards to better tap domestic and international markets. Partners include Michigan State University, a leading agricultural institute in the U.S., Maharashtra State Agriculture Marketing Board, the Ministries of Food Processing Industries and Agriculture, the National Horticulture Board; the Agricultural and Processed Food Products Export Development Authority, the National Institute of Agricultural Marketing; the Indian Institute of Management; Foodland; Total Fruits; and others. The effort is part of a worldwide USAID effort called Partnerships for Food Industry Development

c. Commodity Market Development

Status: the Government of India requested assistance in developing/strengthening market regulation. A preliminary activity (reconnaissance) is underway. A six month initial study was initiated through a US based consulting firm. Cost: US\$400,000.

Findings will be used to design a wider follow-on activity, to include such issues as grades & standards (G&S) sanitary and phyto-sanitary (SPS) measures, warehousing and warehouse receipting, *inter alia*.

Other marketing activities of interest may include information technologies, and the marketing implications of agricultural credit and insurance.

d. Technologies for efficient resource use

Biotechnology: the mission's current activities include collaborative research (ABSP II) and regulation management (the South Asia Program for Biosafety – PBS).

COST: US\$ 1 million per year (approximately).

This is earmarked resources of the Agency on development of Biotechnology under Collaborative Agriculture Biotechnology Initiative Program

On Farm Water Management: the mission supports the CIMMYT/IRRI/NARS Rice-Wheat Consortium (RWC) program in promoting zero tillage, raised-bed technologies in the Indo Gangetic Plain.

Cost: US\$1.5 million for 3 years

Both of these activities funded through the Global Field Support mechanism where the Mission buys in for specific components.